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Stimulus and Response:

Is the Recovery and Reinvestment Act working for us?

by Elizabeth Mylott

It has been more than a year since the American Recovery and Reinvestment Act was passed by Congress and signed into law by President Obama. Nationally, nearly 400 billion dollars has been spent thus far to provide new jobs, stabilize the housing market, and finance a number of projects designed to reinvigorate the economy while reducing fuel consumption and expanding social safety nets. Roughly 2 billion dollars has been awarded to more than 1,700 separate projects in the metroscape.

From the beginning, the Recovery Act has received mixed reviews. Skeptics worry about wasteful government spending and a crushing national debt while proponents argue that it is the only way to dig out from the recession. Locally, reaction has also been mixed. While some local leaders have enthusiastically embraced the Recovery Act, others are frustrated by its restrictions and see the program as a missed opportunity to effect real

and permanent change. Additionally, several projects within the metroscape have received negative attention on both a local and national scale, causing embarrassment and raising questions about the judgment of those involved in their design and implementation.

While it is perhaps too soon to judge the long-term effect of the Recovery Act, a closer look at stimulus spending in the metroscape reveals mixed results and opens questions about the ability of communities to prioritize allocation decisions under federal regulation.

Where is Recovery Act Money Being Spent in the Metroscape?

Designed to jump start the economy and stabilize the job market, the Recovery Act specifies appropriations for a wide range of federal programs. The \$787 billion set aside for the Recovery Act was distributed to 28 agencies, including the Department of Education, the Department of Health and Human Services, and the Department of Energy. The agencies then distributed the funds in three ways: a competitive grant process, contracts to state governments, and loans. Within

the metropolitan region, Recovery Act funds were distributed through 24 federal agencies (although not every agency funded projects in each of the six counties). The five highest spending agencies were the Department of Education (\$387,584,869), the Department of Transportation (\$215,347,111), the Agriculture Department (\$116,632,407), the Department of Health and Human Resources (\$107,936,158), and the Small Business Administration (\$107,843,600).

The Department of Transportation (DOT) was the second largest recipient of Recovery Act funds in the region, but the projects funded by DOT are often the most visible. Each of the six counties received sizable DOT grants ranging from just over \$5.5 million in Columbia County to more than \$134 million in Multnomah County. Much of the DOT funds are being used to repave streets, realign intersections, and make other somewhat minor improvements to existing roadways. In Oregon, 16.7% of the transportation Recovery Act dollars from DOT are being used to fund projects focused around other types of transportation, including rail, marine and port projects, and projects for cyclists and pedestrians. Although less than 17% of Oregon's transportation budget went to non-road projects, Oregon ranked 4th in the nation for the percentage of Recovery Act funds spent on non-road projects. A reduction in the use of fossil fuels was one goal of the Recovery Act as defined by Congress. Thus, the focus on motor vehicles frustrated some who thought more should be spent to encourage alternative transportation. Nationally much of the Recovery Act funding was designated for rail projects; \$8 billion was for high speed rail, which is not feasible in many parts of the country. Of that, \$590 million was awarded to Washington State and just \$8 million to Oregon, some of which is being spent in Multnomah and Clark Counties. Other non road projects that received Recovery Act money in the metroscape include \$360,000 to partially fund a new streetcar loop on Portland's east side and \$707,550 in assistance to the Foss Maritime Company in Columbia County for the purchase of hydrologic dollies and a 90-ton crane.

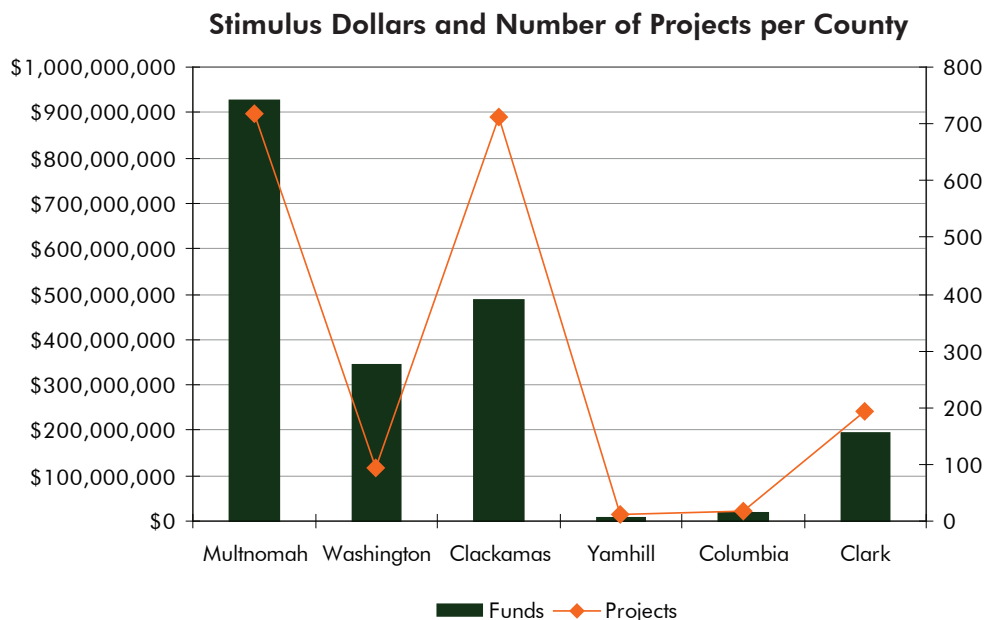
A closer look at stimulus spending in the metroscape reveals mixed results ...

Prioritization of Spending Decisions?

A breakdown of funding for the six counties in the metroscape reveals uneven investments by federal agencies. In Columbia County, \$1,758 was spent per person while in Washington County per capita spending is just \$351. There is also a disparity between Oregon and Washington. Per capita Recovery Act spending is significantly higher in Washington State at \$1,402 than in Oregon, where it is just \$911. Columbia is the only Oregon county in the metropolitan area with per capita spending above that of Oregon as a whole. Likewise, per capita spending in Clark County is at \$512, far below the \$1,402 per capita level for Washington State as a whole. While spending by the Department of Education represents the largest category for Clark, Clackamas, Multnomah, and Yamhill Counties, the largest share in Columbia County was awarded by the Army Corps of Engineers to SE Mcamis Inc. for improvements to the Columbia River Channel. In Yamhill County, the largest share came from the Agriculture Department, much of which was used for very low-to-moderate income housing loans. Uneven levels of spending could be interpreted as a conscious and deliberate analysis and prioritization of needs. For example, spending on Health and Human Services in Yamhill County equals roughly \$14.51 per capita, while in Washington County it is just \$8.42. While this could be an indication of a greater need

for Health and Human Services in Yamhill County, the reality is that a prioritization of needs was not possible for most communities. In an effort to distribute Recovery Act funds as quickly as possible, channels were established which in many ways dictated the types of projects to be funded. To many, this approach was shortsighted and didn't allow local communities to make the investments that would do the most good. Clark County Commissioner Steve Stuart explained, "We didn't really get ready for it; we just had projects that fit. We fit the projects to the stimulus. We had projects that would have done a lot more to create long- and short-term jobs." One such project that did not fit Recovery Act guidelines was the 134th Street Interchange. Stuart estimates that an investment of \$140 million would open up an area for health care jobs and put 600 people to work.

Like the New Deal projects of the 1930s, the Recovery Act funds are being invested in labor-intensive infrastructure projects. In 1935, New Deal projects were consolidated into a new federal agency, the Works Progress Administration (WPA). The WPA was designed to employ skilled workers, writers, artists, and actors in a variety of engineering and service projects. In Portland alone, the WPA provided jobs for 25,000 people. The metroscape is teeming with physical evidence of WPA projects including the Canby City Hall and Rocky Butte Scenic Drive. The WPA and Ci-



Source: Recovery.gov

vilian Conservation Corps (CCC) were responsible for much of the trail development in Oregon parks including the extensive trail system in Portland's Macleay Park. The Stonehouse in Lower Macleay Park was also built by the WPA, as were many of the bridges and lodges in state and national parks throughout Oregon and Washington. The Bonneville Dam, one of the most ambitious engineering projects of the early 20th century, was built with WPA funding. Spanning the Columbia River at the western end of the Gorge, Bonneville Dam helped to electrify the region, allowing for the expansion of industry. Four thousand workers were hired to build the dam, and their jobs in turn benefited local communities where workers lived.

While both the New Deal and the Recovery and Reinvestment Act were designed for job creation and economic stimulus, the Recovery Act is not producing infrastructure projects on the same scale as the WPA. The highest priority for the Recovery Act is job creation. It also has favored projects that required immediate spending. Some of the most pressing infrastructure needs in the metroscape, including the Columbia River Crossing, the Sellwood Bridge, and the Multnomah County Courthouse, were thus ineligible for funding. The planning and permitting process for a project like the Sellwood Bridge will take several years, and although the project will ultimately create a number of jobs, it would not happen in time to meet Recovery Act guidelines.

Commissioner Stuart, who characterized the Recovery Act as a "missed opportunity," said that the restrictive timeline limits the Act's effectiveness. The planned waterfront redevelopment in Vancouver is the largest redevelopment project in Clark County, but like the Columbia River Crossing, it wasn't eligible for any of the Recovery Act money. The redevelopment plan, known as the Columbia West Renaissance, is part of the Vancouver City Center and Sub area Plan. The largest parcel of undeveloped land within the metropolitan area that is adjacent to the Columbia River is in Vancouver. In addition to extending public access to the waterfront, the planned redevelopment would also create more than 3,000 units of mid-rise condos, 10,000 square feet of hotel space, 450,000 square feet of office space, 125,000 square feet of retail space, and 100,000 square feet of light industrial, while strengthening the ties between the waterfront and Vancouver's downtown. When executed, the development will create a variety of construction related jobs and spur economic development. Stuart is frustrated by what

he sees as the best investments in his county going unfunded. According to Stuart, he isn't alone. "A lot of us share the frustration. Congressman Baird was a proponent of infrastructure but he ran into walls because the Senate Budget Office had statistics as to why investment in infrastructure wasn't good stimulus," he said.

Another example of a large infrastructure project in Clark County that is ineligible for Recovery Act funding involves turning an old mill into a biomass facility. The mill, which is north of Battle Ground, is connected to Vancouver by a short-line railroad purchased by the County in the 1980s. The County's application for funding to update the rail line was rejected because the focus for Recovery Act spending was on high speed rail. Stuart argues that a large scale project like the old mill or the waterfront redevelopment would have greater long-term results than the short-term projects favored by the Recovery Act. On a large-scale project, the County contracts out a lot of work that would preserve jobs.

One reason so many large projects did not meet the timeline is that the permitting process and environmental impact studies are so time-intensive. The Recovery Act favored projects that were "shovel ready," meaning the design stage has been completed and the necessary environmental impact analyses were completed. Stuart sees this as one place the government could have done a better job. If resource agencies were more coordinated, project eligibility could be streamlined, allowing a greater number of projects to be eligible for Recovery Act funding. This would also create jobs for people at every stage of the process, including designers, engineers, and planners.

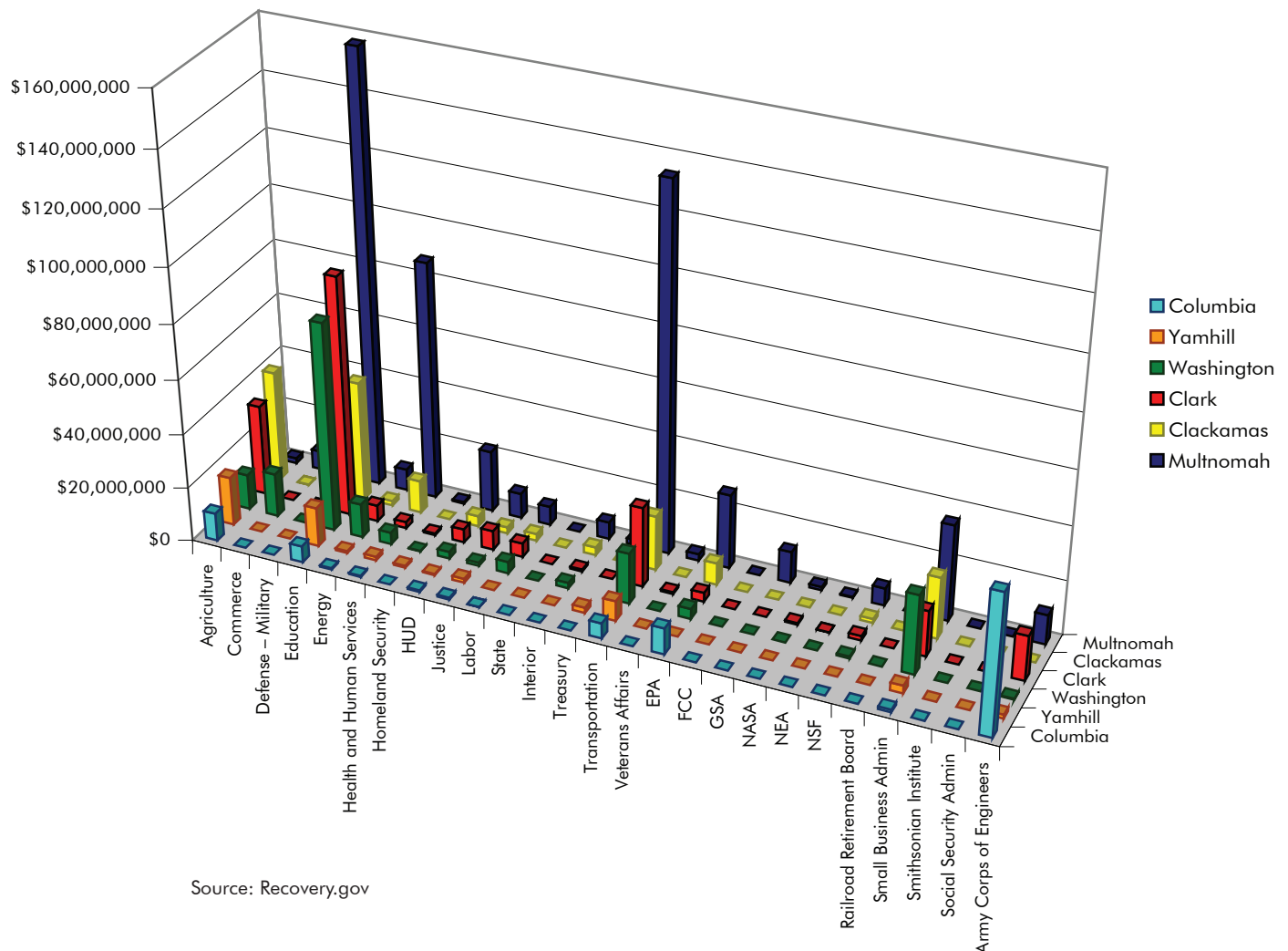
Some evidence of the Recovery Act spending can be seen around the region in the repaving of streets, the new roof on the Clackamas Armory, power line maintenance in Gifford Pinchot National Forest, and the new streetcar tracks running along Martin Luther King Jr. Blvd in Portland. Much of the Recovery Act spending, however, is less visible despite vigorous media campaigns by local and state governments to publicize the program's successes. When the Recovery Act was first passed, there was much speculation that it would function like the Works Progress Administration (WPA) of the New Deal, putting people back to work while

Much of the Recovery Act spending is less visible despite vigorous media campaigns by ... governments to publicize [its] success.

building (or in this case rebuilding and repairing) much needed infrastructure. A large percentage of the funds are being spent in other ways, however, including the expansion of social safety nets like Medicare and unemployment insurance. Multnomah County officials were happy to be able to spend Recovery Act funds on health and human services. Warren Fish, a policy adviser to Multnomah County Chair Jeff Cogan, explains that the Recovery Act money “helped us help out needy people,” which he sees as the primary mission of county government. Fish, who characterizes the Recovery Act as “in many ways successful,” says it came “at a time of great need” and allowed the County to extend services to people who would otherwise be without. One major focus of Recovery Act spending in Multnomah County was health. The county received a 7.5 million dollar

grant to fund projects aimed at obesity prevention and food access. The project was in the beginning stages of thought, and funding from the Recovery Act allowed it to be realized. The County was also able to upgrade a number of existing health clinics, increase the use of electronic medical records, and hire additional doctors and nurses. Thanks to the Recovery Act, the County’s primary health clinics will be able to serve an addition 5,500 poor and uninsured patients. Half of the funds were distributed this year, and the remaining half will come next year. While Fish admits that once the Recovery Act funds have been spent, there is no guarantee the County will be able to continue supporting the expanded clinic staff. But he says “the need was so great that it was worth taking the risk.”

**Sources of the Region's Stimulus Dollars by Federal Agency
by County**





President Barack Obama meets with Sen. Susan Collins (R-Maine) in the Oval Office, Feb. 4, 2009. Collins was one of three Republican Senators who voted for the stimulus bill. (Official White House Photo by Pete Souza)

of Energy Efficiency and Renewable Energy was awarded \$16.8 billion of the Recovery Act funds, \$81,764,955 of which was invested in Oregon. Vehicle emissions and their effect on air quality was one concern many local governments were able to address. Emissions standards for vehicles that travel on roads are stricter than for construction and other off-road vehicles. Multnomah County received a grant from the Department of Environmental Quality (DEQ) to retrofit County-owned vehicles so that they would produce lower emissions levels. The grant did not cover the entire project, but Recovery Act funds allowed the County to bring all county owned vehicles into compliance with clean diesel standards. Other heavy duty diesel vehicles scheduled to be retrofitted to meet tougher emissions standards include 26 TriMet buses, publicly owned school buses in the Beaverton school district, and municipal vehicles in Lake Oswego. Currently, the TriMet project is listed as “behind schedule.” No money has been spent on the project and no jobs have been created.

Publicly owned vehicles were not the only ones to receive diesel retrofits. A \$1,622,348 grant from the National Clean Diesel Funding Assistance Program, administered by the Environmental Protection Agency, paid for upgrades to vehicles owned by private contractors working on publicly funded construction projects in Portland and Salem.

Another focus of energy programs is weatherization. In the metroscape, more than \$6.5 million has been spent on weatherization assistance for low-income persons, particularly the elderly, people with disabilities, and children, by improving the energy efficiency of their homes. Multnomah County spent more than \$2 million to provide weatherization assistance to thousands of households, a project that Warren Fish calls “very impactful work.” Residential weatherization is labor intensive, and the contractors completing the

In some cases, Recovery Act spending allowed for the expansion of existing projects. Development of clean energy sources is a central goal of the Recovery Act. The Department of Energy Office

weatherization and the companies manufacturing supplies both directly benefit from weatherization projects. Additionally, the families living in homes with improved weatherization can look forward to lower utility bills for the next 20-40 years. Fish explains that by lowering energy costs the program is “putting whoever lives there in a better situation for years to come.” One reason the project was so successful is that the system to distribute funds was already in place, so county officials did not have to do a lot of planning.

Even with the project’s successes, Multnomah County officials felt they could have done more if they had been able to access additional energy efficiency funds through the Community Development Block Grant Program (CDBG). Money distributed through the CDBG is tied to housing, which is usually handled by cities. Multnomah, like many large urban counties, was left out. When the County’s population was estimated, residents of Portland and Gresham were not counted. Without the residents of its two largest cities, the County’s population is reduced from just under 700,000 to less than 50,000. The 10 counties in Oregon with the highest populations were awarded funds, but without the population from its two largest cities included in the count, Multnomah County did not make the cut.

The largest and most controversial weatherization project in the region is not a private home, however, but a federal building. Built in 1975, the 370,000 square foot Edith Green-Wendell Wyatt Federal Building sits in downtown Portland near City Hall. The building was scheduled for a renovation in 2006, but during the recession, funding became unavailable. When the Recovery Act was passed the project was resurrected, and the \$133 million planned renovation funded through the General Services Administration makes it the most expensive Recovery Act project in Oregon.

With the new funding source came new specifications for the building’s remodel. Portland-based SERA Architects re-scoped the project so that it would more closely align with the High Efficiency Green Building requirements as outlined by the Energy Independence and Security Act as mandated by the Recovery Act. Once the renovation is complete, the Federal Building should receive a LEED Platinum certification. Developed by the US Green Building Council, LEED (Leadership in Energy and Environmental Design) is a nationally accepted third-party certification for residential and commercial buildings that measures the design, construction, and operation of high-

performance green buildings. It measures energy saving, water efficiency, CO2 emissions, improved indoor environmental quality, stewardship of resources, and sensitivity to their impacts. A Platinum certification is the highest ranking possible; a building must receive 80 out of a possible 100 points.

After the renovation, the Green-Wyatt building will use between 60-and-65% less energy than comparable buildings, an adjustment that is estimated to yield an annual savings of \$280,000. Solar panels installed on the roof will provide up to 15% of its power needs. Rainwater and low-flow plumbing fixtures will be installed to reduce potable water consumption by nearly 70%.

One energy saving feature in particular that has made this project controversial is six green fins, or vertical walls that will make up a 250-square-foot living wall on the west side of the building. The fins were designed to extend from the building at vertical angles functioning as a garden trellis with plants growing up the side. Urban gardening and green wall activists applauded the design, which would create the largest green wall in the country. Support was far from universal, though. While Portland is a city that actively embraces nature, many found the design renderings unappealing

and visually jarring. Additionally, there are many questions as to how the green wall would be maintained. A system to harvest rainwater on the roof addresses hydration needs, but pruning and general gardening needs were not specified. It was also unclear how much the green

wall would increase the annual funding needed for maintenance. Perhaps the strongest criticism of the project came last year when Sen. John McCain (R-Ariz) and Sen. Tom Coburn (R-Okla) released Stimulus Checkup: A Closer Look at 100 projects funded by the American Recovery and Reinvestment Act, a report detailing projects they see as the worst use of government resources. The renovation is listed as number two in the list of wasteful and ill-conceived projects. Number one is a \$5 million grant to "green" the Oak Ridge shopping mall in Tennessee. Number three is a \$5.9 million grant to an advertising agency to "to help the government overcome a poorly managed transition to digital television" that produced just three jobs.

The report's authors argue that a new, larger, and equally energy-efficient building could be

built for less. They cite a new federal building built in San Francisco in 2007 that includes similar energy saving features. Constructed for \$144 million, the building has 100,000 square feet of office space more than the Green-Wyatt building. Plans for the Federal Building remodel are currently being revised, no doubt in part due to the negative press it has generated.

Ross Buffington of the General Services Administration told the *Oregon Daily Journal of Commerce* that "We have been continuously revising the design since we received the stimulus award. Since receiving that award it has turned into a brand new project that we are giving a second and third look to. The GSA is rethinking the living wall and is also looking at other mechanical systems for the project." Currently, renderings of the building have not officially been released (although they are widely available online). The GSA promised to release new renderings once a final design decision has been reached.

The Edith Green-Wendell Wyatt Federal Building is one of six projects in Oregon and Washington that made McCain and Coburn's list. Others include \$1.9 billion for clean up at the Hanford Nuclear Site, \$700,000 to pay 48 people to help Oregon crabbers recover crab pots lost at sea, \$8 million to treat waste water before it is funneled into the Willamette River, \$3.5 million to remove lead paint from a pedestrian bridge in Salem, and \$500,000 to Washington State Parks and Recreation to host a series of Asian music, dance, and puppet shows.

Design decisions and cost are not the only reasons the Edith Green-Wendell Wyatt Federal Building Remodel has gained national attention. The project also raised questions about a controversial decision by the Obama administration involving labor rights. In 2009, President Obama overturned a Bush administration ban on project labor agreements on federal construction projects worth more than \$25 million. In the agreements, contract terms are set between labor organizations, contractors, and subcontractors. Those terms can include a ban on strikes and other work stoppages. When the General Services Administration was asked to identify 10 projects where labor project agreements could be used, they included the Green-Wyatt building, making it potentially the first project to use such an agreement under the new regulations. It also raises questions about the quality of jobs created under the stimulus. Is the federal government creating jobs while weakening workers' rights? Ideally, jobs created

***The Green Wyatt
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under the Recovery Act would be full-time, permanent positions with benefits, but many of the jobs created thus far do not meet those criteria.

The Recovery Act was created in direct response to the unemployment crisis brought about by the recession. Job creation and the stabilization of the labor market were central to the program. Reports of jobs created or saved with Recovery Act spending are widespread and central to the public perception of the Recovery Act's success. In March 2010, Governor Ted Kulongoski reported that approximately 5,800 jobs had been funded by \$150 million in federal Recovery Act money during the previous three months. During the same period, the federal government credits the creation of 682,226 jobs to Recovery Act spending. Although recipients of Recovery Act contracts, grants, and loans are required to report quarterly on the number of jobs paid for with Recovery Funds, it can be difficult to measure the actual impact of recovery spending on job creation. The government uses a formula that counts the number of hours worked in a quarter and funded under the Recovery Act then divided by the number of hours in an average work week. New guidelines issued by the Office of Management and Budget (OMB) in December 2009 further complicate the issue by elim-

inating the distinction between hours worked by a new hire, a person whose job was saved by the Recovery Act, and a person who is in an existing position now being at least partially funded by the Recovery Act.

For example, what appears to be one full-time job created by Recovery spending could in fact represent 10 people who spend four hours of each week working on a project that is partially funded through the Recovery Act. While job stabilization is in itself an important piece of economic recovery, the reporting method is somewhat oblique. For example, a wastewater inflow and infiltration reduction program awarded \$4 million in Columbia County created 4.02 FTE. In Clackamas County, a program at Father's Heart Ministry was awarded \$50,000 for day center activities to provide improved access to job search activities for people living on the street. The program created 1.82 FTE.

To date \$398.7 billion or just over half of the \$787 billion set aside for the National Recovery

and Reinvestment Act has been spent. Of that, \$3.9 billion was spent in Oregon, and nearly \$6 billion in Washington. While the money can be easily tracked on websites created by state and federal governments as well as private media groups, the impact of the stimulus spending is more difficult to judge. Unless there is a revision to federal regulations, several large infrastructure projects in the metroscape will not be eligible for Recovery Act funding. Although the projects, including the Sellwood Bridge in Portland and 134th Street interchange in Vancouver, have been identified as local priorities, they do not meet federal funding guidelines. In their rush to award Recovery Act funds, the federal government created channels that allow for little autonomy on the local level. This has hampered the ability of local governments to make investments that would create real and permanent economic development.

The Recovery Act is doing a lot to fund health and human services programs that serve as essential social safety nets. The importance of the expansion of unemployment benefits and health services to low income and uninsured patients cannot be overemphasized, but it remains unclear how these programs will be funded when Recovery Act funds are no longer available. Ideally, Recovery Act investments will be so effective in spurring economic growth that the need for social safety nets will be greatly reduced and additional funding will be unnecessary. With more than half of the Recovery Act funds spent, that result looks unlikely.

With such a large investment in health and human services, and without the ability to make strategic infrastructure investment decisions, the Recovery Act does not appear to be the economic stimulus powerhouse envisioned by Congress. Many of the jobs funded with Recovery Act dollars are temporary or part time. Others that are counted as Recovery Act jobs were existing jobs that are now partially funded through the program. While individual projects funded under the Recovery Act are not without merit, their sum does not appear to equal substantial economic growth. In regard to the potential of DOT funding to create economic stimulus, Clark County Commissioner Steve Stuart said, "For the County I can't say any of the transportation projects helped our economy. It helped to pave some roads."

Elizabeth Mylott is a doctoral candidate in Urban Studies at Portland State University.

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